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## FAR EAST

1. INDOCHINA: Estimate of military situation--US Minister Heath in Saigon transmits the estimate of French High Commissioner Pignon that the period between 10 December and the year's end will be a "somewhat anxious" one for French forces in Tonkin. Pignon feels that the Viet Minh, by 10 December, may be able to strike a blow in force toward Hanoi, or perhaps try to break communications between Hanoi and Haiphong. Pignon believes present French forces can prevent a Viet Minh seizure of the entire delta but he admits that some shortening of French lines in the delta area may be necessary. Pignon predicts that, barring unexpected losses in troops or territory, reinforcements from France, together with US assistance, will place French forces in a position of some superiority by the end of 1950. The High Commissioner feels that although French forces should even be able to undertake limited offensive action in the north after the first of the year, two French divisions with armor and artillery would be needed for a sustained offensive of any real proportions. Pignon expressed the opinion that the new Vietnamese national army will be trained and equipped by July 1951, but will hardly be ready for offensive action for some time after that date.

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Possible employment of ex-Nationalist troops--US Minister Rankin in Taipei reports, in reference to the disposition of Chinese Nationalist troops currently interned in Indochina, that the first preference of the Nationalist Minister of Defense is to have these troops transferred with equipment to Taiwan. Second choice is to have them transferred to Taiwan without equipment, and third choice to employ them for combat in Indochina. Rankin suggests that, if the US does not object and if the French are disposed to employ these troops, the French be advised to sound out the Nationalist Government on Taiwan regarding conditions for the employment of the troops in the Indochina fighting.

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(CIA Comment: There are an estimated 27,000 ex-Nationalist troops interned in Indochina. CIA believes that if ex-Nationalist troops were employed in anti-Communist warfare in any areas adjacent to China, the possibility of overt Chinese Communist intervention in such areas would be greatly increased.)

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2. BURMA: Prospects for coup discussed--In connection with reports that Supreme Commander of the Armed Forces Ne Win is planning to attempt a coup, US Ambassador Key in Rangoon reports that the Burmese Government is now planning to abolish the post of Supreme Commander. Key comments that if Ne Win is aware of this plan (which Key feels is likely), he would have a good motive for attempting a coup. Key points out that Ne Win will have an excellent opportunity to strike during the period from 7 to 15 December when the Prime Minister, who is now in Mandalay, will be returning to Rangoon down the Irrawaddy River.